

AR32





## BOARD OF DIRECTORS

**EDWARD C. BROWN**  
Executive Vice President (retired)  
First National Bank,  
St. Paul, Minnesota

**ROBERT C. COSGROVE**  
President

**WILLIAM F. DIETRICH**  
President, Community Investment  
Enterprises, Inc.  
Minneapolis, Minnesota

**L. E. FELTON**  
Chairman of the Board

**A. DOUGLAS HANNAH**  
Executive Vice President,  
J. H. Hillman & Sons Co.  
Pittsburgh, Pennsylvania

**THOMAS G. HARRISON**  
Chairman of the  
Executive Committee  
Super Valu Stores, Inc.  
Hopkins, Minnesota

**MILTON H. MORRIS**  
President, Milton H. Morris  
and Company  
Chicago, Illinois

**M. CRAWFORD POLLOCK**  
Senior Vice President

**GEORGE C. SCOTT**  
Vice President (retired)

**C. J. TEMPAS**  
Senior Vice President

**ARTHUR R. UPGREN**  
Frederic R. Bigelow—  
Professor of Economics,  
Macalester College,  
St. Paul, Minnesota

**LLOYD C. VOLLING**  
Senior Vice President


## ADVISORY DIRECTORS

**OSCAR B. JESNESS**, St. Paul, Minnesota  
**WARD H. PATTON**, Minneapolis, Minnesota  
**ALBERT D. RADEBAUGH**, Sebring, Florida  
**GEORGE F. WINTER**, Le Sueur, Minnesota

## DIRECTORY OF OFFICERS

**L. E. FELTON**, Chairman of the Board  
**ROBERT C. COSGROVE**, President  
**M. CRAWFORD POLLOCK**, Senior Vice President  
**C. J. TEMPAS**, Senior Vice President  
**LLOYD C. VOLLING**, Senior Vice President  
**JAMES W. ALGEO**, Vice President  
**AUSTIN J. HAYDEN**, Vice President  
**R. CARL HENLEY**, Vice President  
**HARRY HODGE**, Vice President and Controller  
**W. HOLLIS MERRICK**, Vice President and Treasurer  
**LYLE H. POLSFUSS**, Vice President  
**NEIL R. MOREM**, Secretary and General Counsel

HEADQUARTERS: Le Sueur, Minnesota





## *The year at a glance*

1966

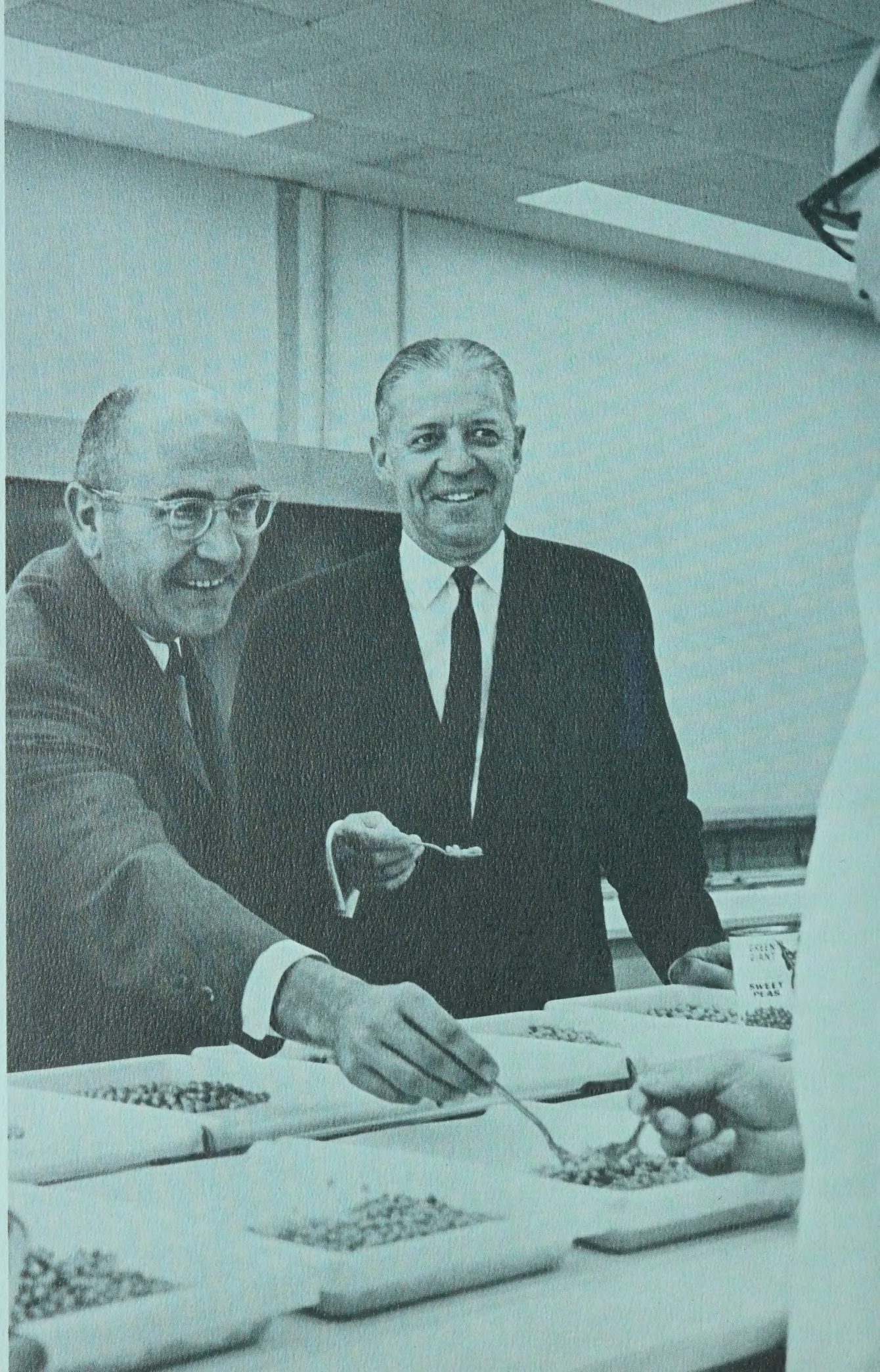
1965

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Sales (Net after Returns and Allowances).....	<b>\$139,500,274</b>	\$115,713,309
Net Earnings Before Taxes.....	<b>9,071,853</b>	6,314,773
<i>Per Cent of Sales</i> .....	<b>6.5%</b>	5.5%
Net Earnings After Taxes.....	<b>4,649,180</b>	3,113,085
<i>Per Cent of Sales</i> .....	<b>3.3%</b>	2.7%
<i>Per Share of Common Stock</i> .....	<b>2.04</b>	1.54
Working Capital .....	<b>31,455,365</b>	29,537,143
Plant and Farm Properties (Net).....	<b>27,518,911</b>	18,834,766
Stockholders' Equity .....	<b>41,749,822</b>	31,959,618
<i>Per Share of Common Stock</i> .....	<b>17.11</b>	15.03

*Green Giant Company Annual Report  
for fiscal year ended March 31, 1966*







## TO: SHAREHOLDERS AND EMPLOYEES

For the eleventh consecutive year, Green Giant reached a new high in sales. Sales of \$139,500,274 are \$23,786,965 — 21 per cent ahead of last year.

Profits of \$4,649,180 are \$1,536,095 higher than last year's all-time high of \$3,113,085.

On a per-share-of-common stock basis, earnings were \$2.04 this year compared to \$1.54 last year.

Dividends on the common stock were increased for the eighth consecutive year. The current annual rate of 70¢ per share compares with the annual rate of 60¢ per share a year ago.

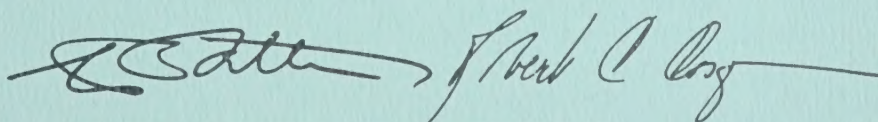
Despite a year replete with abnormalities—in weather, labor supply and markets—Green Giant continued to grow and diversify its operations.

Five years ago, canned peas and corn accounted for 95 per cent of sales. Even though sales of these items have increased, they now represent only 56 per cent of sales. Canned asparagus and beans have grown from 5 to 10 per cent; mushrooms have been added which account for 4 per cent; and this past year, frozen foods accounted for 28 per cent of total sales.

The December acquisitions of Dulany Foods Inc. and Clark Foods Limited will add importantly to Green Giant's diversity and growth. We intend to continue this program of diversified growth designed to add stability to earning capacity.

It seems proper, therefore, that the Operations Division be featured this year to illustrate the expanded activities of the Company.

We invite your attention to the pages which follow. They give in more detail the highlights of the past year.



June 1, 1966

CHAIRMAN OF THE BOARD

PRESIDENT



## *The year in review*

**Marketing** Green Giant products continued to enjoy outstanding acceptance in the market place this past year.

Retail frozen items, all packed in flavor-tight cooking pouches, now number 26; 20 of these are with butter sauce and 6 are in cream, cheese or mushroom sauce; 14 are in national distribution with 12 in selected markets.

Institutional frozen items (for restaurants, hotels and hospitals) were introduced this past year in three test markets under the Green Giant label. There are currently 15 such items, each distinctive and of premium quality. Initial response to these items was encouraging.

During the coming year, we will be market testing in a limited way an entirely new concept of frozen foods. Comparable to our flavor-tight cooking pouch, these products are in a quick-thaw pouch. Advantages are the protection of product during the thawing process and the ease of preparation.

Along with the success of our frozen foods, our canned foods have continued to progress. For example, sales of canned peas were up 11.3 per cent from the previous year, beans up 20.9 per cent, asparagus up 19.2 per cent and canned corn (limited by supply) up 7.5 per cent. Mushrooms packed in glass have also grown in public acceptance, showing a 31.2 per cent increase in sales compared to the previous year.

Product quality and uniformity, no doubt, are at the heart of this continuing success, but no one can deny the effectiveness of Green Giant's advertising and merchandising in creating a warm and friendly awareness of the Big Green Man's products.

Television continued as the primary medium for the dissemination of the message. An interesting innovation was the sponsorship of an hour-long television spectacular, "The Stuart Little

Show," with audience response in excess of expectations.

Collateral and unsolicited mentions in newspapers, magazines, radio and television reached an unprecedented high and were sincerely appreciated. No doubt you are aware of some of these.

More time than ever has been devoted this past year to increasing distribution, avoiding out-of-stock situations and making more effective our distributor promotions. Innovations were made in point-of-sale pieces, consumer offers and cooperative merchandising. Two additional direct sales offices were opened—one for the Indianapolis, Cincinnati and Dayton market, the other in Atlanta, Georgia.

**Operations** Operations faced a series of challenging situations this past year.

First, productive capacity had to be developed to provide for a planned 13 per cent increase in sales—the equivalent of three average-sized plants. Secondly, abnormal weather conditions including floods, hail, tornadoes and killing frost plagued operations throughout the year. And, finally, serious labor shortages developed at critical times and places during the harvesting season. In spite of these conditions, Green Giant came through with quantities of product above industry averages—though below the budget.

Capital expenditures this past year amounted to \$9,576,000. They were directed primarily toward increasing productive capacity and labor productivity.

Major projects in the U.S.A. included expanded freezing facilities; additional packaging lines; new warehouses; more bean, early June pea and corn processing facilities, and a further increase in asparagus acreage. We continued conversion to combine harvesting of peas. An additional can manufacturing line



was installed at Ripon, Wisconsin.

In Canada, a complete freezing plant is being built and will be operational this coming summer; equipment was also installed to handle broccoli, cauliflower and Brussels sprouts; a can manufacturing plant was made operational in late fall and we are now expanding the capacity of this plant.

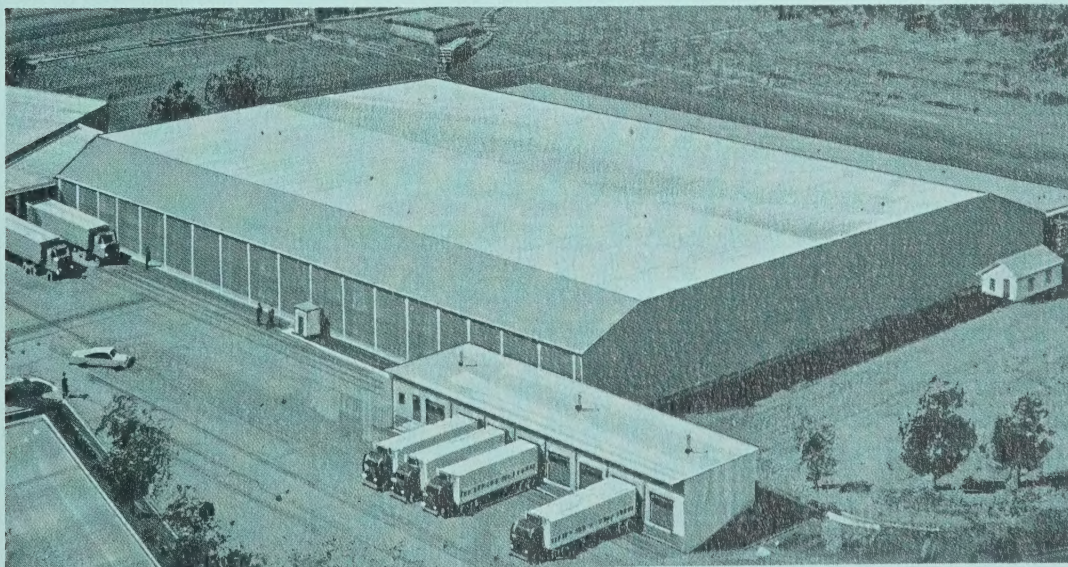
In Distribution, further steps were taken designed to improve customer service and reduce Company costs. Unitized shipments, i.e. shipments on paper pallets, were made experimentally and promise economy in handling both to Green Giant and the distributor. Shrink film, as a substitute for paperboard cartons, continues to be tested as a container and as an effective promotional tool.

On the International front, sales in the United Kingdom showed important gains at profitable levels on items produced in our Canadian plants. The Italian operation continued to lose money. The problem is receiving careful attention. The

Formosan canned mushroom pack was stepped up this past year and limited quantities of frozen mushrooms were tested.

Mexico looks promising for the future; a market test of eight Green Giant vegetable items introduced in Mexico City was well received; a canning plant at Huatabampo in northwestern Mexico started operations in late December. This plant is operated jointly with Mexican interests. Further opportunities in Mexico are under study.

Two companies were acquired in December of this past year: Dulany Foods Inc., with plants at Fruitland, Maryland; Exmore, Virginia and Bridgeville, Delaware; and Clark Foods Limited, with plants at Ste. Remi, Quebec and Harrow, Ontario. Both companies are highly regarded for their quality products and competent people. Dulany sales, of approximately fourteen million dollars, include sweet and white potatoes, beans and a wide variety of southern-style vegetables. Clark sales, also about four-



*Service to the trade is constantly being improved through the use of new warehousing techniques and the addition of modern facilities such as the cold storage warehouse at Belvidere, Illinois.*



teen million dollars, include baked beans, meat stews, a line of soups, tomato juice and many specialty items.

**Administration** The consumer demand for Green Giant products continues to challenge not only Marketing and Operations, but all of the related administrative services.

Most significant and of most direct interest, however, had to do with the new financing necessary to accommodate the high rate of growth.

Early in the year, stockholder permission was received for the elimination of cumulative voting and pre-emptive rights. This paved the way for a two-for-one stock split and a successful offering of 300,000 shares of Company stock to the public which netted the Company \$6,473,593.

The Company is contemplating a further public offering in early June, 1966. This contemplated public offering will provide funds to replace working capital used in acquiring Clark Foods Limited and Dulany Foods Inc. and funds for additional working capital and

production facilities necessary to the continuing growth of the Company.

On May 17, 1966 stockholders approved an amendment to the Articles of Incorporation so as to complete the conversion of all of the convertible common stock into common stock on May 31, 1966, rather than waiting for such conversion to take effect over the following four years. This conversion will enable the Company to apply for listing of its common stock on the New York Stock Exchange, which the Company intends to do as soon as possible after such conversion. It is the belief of Management and the Board of Directors that such listing will prove advantageous to both the Company and to the stockholders.

**Research** Vital to the Company's broadening product line are the efforts of the Research Division. Within Research were developed the sauces, the packages and the processes for the successful commercial development of the Company's frozen retail items. Likewise, the premium quality and distinctiveness of the institutional frozen line were de-



*Remodeling and expansion of the Administration Building, Le Sueur, Minnesota, was started in April.*



veloped within the Research Division.

A considerable backlog of other new products offering promise are in various stages of research development.

In addition, Research continues to develop better quality and higher yielding seed varieties, and to locate and test new potential growing areas.

The acquisitions of Dulany and Clark



M. C. Pollock



C. J. Tempas



J. W. Algeo



A. J. Hayden



R. C. Henley



L. H. Polsfuss

have added many new products to the Green Giant spectrum. It is a challenge to Research to further develop these items.

## Organizational Changes

G. C. Scott, Vice President of Research, retired as of December 31, 1965. He remains a Company Director and as a consultant to the Research Division. His inspirational leadership to research over the past 36 years has been a major factor in the Company's respected position in research.

John M. Jackson, Director of Research, succeeded Scott as head of the Research Division.

At its meeting on April 5, 1966, the Board of Directors elected two senior vice presidents:

M. Crawford Pollock—Senior Vice President, Marketing

C. J. Tempas—Senior Vice President, Operations.

At the same meeting four executives were elected vice presidents:

James W. Algeo — Vice President, Container Operations

Austin J. Hayden—Vice President, U.S.A. Production

R. Carl Henley—Vice President, Sales

Lyle H. Polsfuss — Vice President, Advertising and Merchandising.

The two Canadian companies, Green Giant of Canada Limited and Clark Foods Limited, were amalgamated under the title of Green Giant of Canada Limited effective March 31, 1966. A. W. Anderson was named President and General Manager.

**Opportunities** We expect to keep Green Giant Company growing profitably. We have a consumer franchise unexcelled in the market place; a franchise backed by generations of fundamental know-how and a dedicated team of imaginative and motivated people.



# GREEN GIANT COMPANY PRODUCTS

*It's the things you do  
When you don't have to do them,  
That make products stand out  
And lead people to them.*

## **Green Giant Brand**

### **CANNED**

ASPARAGUS: Whole Spears, Cut Spears  
BEANS (GREEN): Whole, French-style,  
Diagonal Cut, Diagonal Cut with Tiny Onions  
BEANS (WAX): Whole, French-style,  
Diagonal Cut

CORN (GOLDEN): Whole Kernel in Liquid,  
Cream-style

CORN (WHITE): Whole Kernel Shoe Peg

MUSHROOMS: Whole, Sliced in Glass

PEAS: Sweets, Sweets with Sliced Mush-  
rooms, Early Junes with Onions

### **FROZEN**

IN BUTTER SAUCE: Cut Asparagus Spears,  
Baby Brussels Sprouts, Broccoli Spears, Car-  
rot Nuggets, Cauliflower Buds, Whole Kernel  
Golden Corn, Whole Kernel Golden Corn with  
Sweet Peppers, Whole Kernel White Shoe Peg  
Corn, Diagonal Cut Green Beans, French-  
style Green Beans, Italian Green Beans, Baby  
Lima Beans, Cut White Cabbage, Whole  
Mushrooms, Little Baby Peas, Spinach, Sweet  
Peas, Sweet Peas with Tiny Whole Onions,  
Mixed Vegetables

IN CREAM SAUCE: Small Whole Onions,  
Sweet Peas, Spinach

IN CHEESE SAUCE: Broccoli, Cauliflower

IN MUSHROOM SAUCE: Diagonal Cut  
Green Beans

## **Niblets Brand**

CORN (GOLDEN): Vacuum Packed  
Whole Kernel

## **Mexicorn Brand**

CORN (GOLDEN): Vacuum Packed Whole  
Kernel with Sweet Peppers

## **LeSueur Brand**

ASPARAGUS: Extra Large Whole Spears

BEANS (GREEN): Whole, Vertical Pack  
in Glass

CORN (WHITE): Whole Kernel Shoe Peg

MUSHROOMS: Whole, Sliced in Glass

PEAS: Early Junes

## **Dawn Fresh Brand**

MUSHROOMS: Whole, Buttons, Sliced,  
Stems and Pieces

OTHER: Mushroom Steak Sauce, Condensed  
Mushroom Soup, Brown Gravy

## **Kounty Kist Brand**

ASPARAGUS: Whole Spears, Cut Spears

BEANS (GREEN): Whole, French-style,  
Diagonal Cut

BEANS (WAX): French-style, Diagonal Cut

CORN (GOLDEN): Vacuum Packed Whole  
Kernel, Liquid Packed Whole Kernel,  
Cream-style

PEAS: Sweets, Early Junes

## **Clark Brand**

CANNED: Chowders, Baked Beans, Soups,  
Spreads, Stews and Tomato Juice

FROZEN: Meat Pies

## **Dulany Brand**

CANNED: Sweet Potatoes, White Potatoes  
and a variety of other vegetables

FROZEN: Southern-style greens  
and specialty products



# *Excellence is the key...*

*Historically, Green Giant has been a growth Company and as such has experienced the continuing change growth creates. Nowhere within Green Giant is the evidence of change more noticeable than within the Operations Division. From the original one-commodity plant, Green Giant operations now involve 28 plants processing crops from 215,000 acres into a variety of more than 100 products that are sold in almost every country in the Free World. Historically, also, Green Giant has been a leader within the food industry in the development of new agricultural, processing and distribution techniques. This pioneering endeavor has been and will continue to be directed towards achievement of the Company's basic goal—the development and production of products “wherein we are able to develop distinctiveness, premium quality and superior advertising.”*





*... in management*



C. J. TEMPAS, Senior Vice President—Operations

**E**very phase of the Green Giant Operations Division is geared to the goal of making a maximum contribution to the Company's profit effort. Its assignment is to produce premium products at the lowest possible cost and to distribute these products quickly and economically. C. J. (Ned) Tempas, Senior Vice President, is responsible for the Division's work which includes profit planning, can manufacturing, agricultural and plant production, and distribution for the Company and its subsidiaries. Constant control over product, materials and operations assures uniformity of quality can after can, frozen pouch after frozen pouch. All activities of this Division are woven into one efficiently functioning unit that incorporates the latest developments of the Research Division into its job of producing distinctive products for the Marketing Division to sell.



## *... in planning*



V. E. TUCKER, M. O. MARMORINE,  
Commodity Profit Planning Directors

R. H. KIRKMAN, Director—Profit Planning

**T***o pursue and increase profit opportunities on sales and invested capital is the fundamental purpose of the Profit Planning Department. Achievement of this purpose is reached in Green Giant not through the industry-accepted method of measuring accomplishments and planning growth by historical experience but by adding a principle which attacks each situation with the question, "Knowing this can be done—how much more can be accomplished?" The work of the Profit Planning Department, under the supervision of Robert Kirkman, Director—Profit Planning, is more than as a catalytic agent activating new ideas. Once a concept indicates potential profit advantages, the Profit Planning team—which necessarily has free entry into every phase of the corporation's activities—watchdogs the implementation of that concept.*



*... in production*

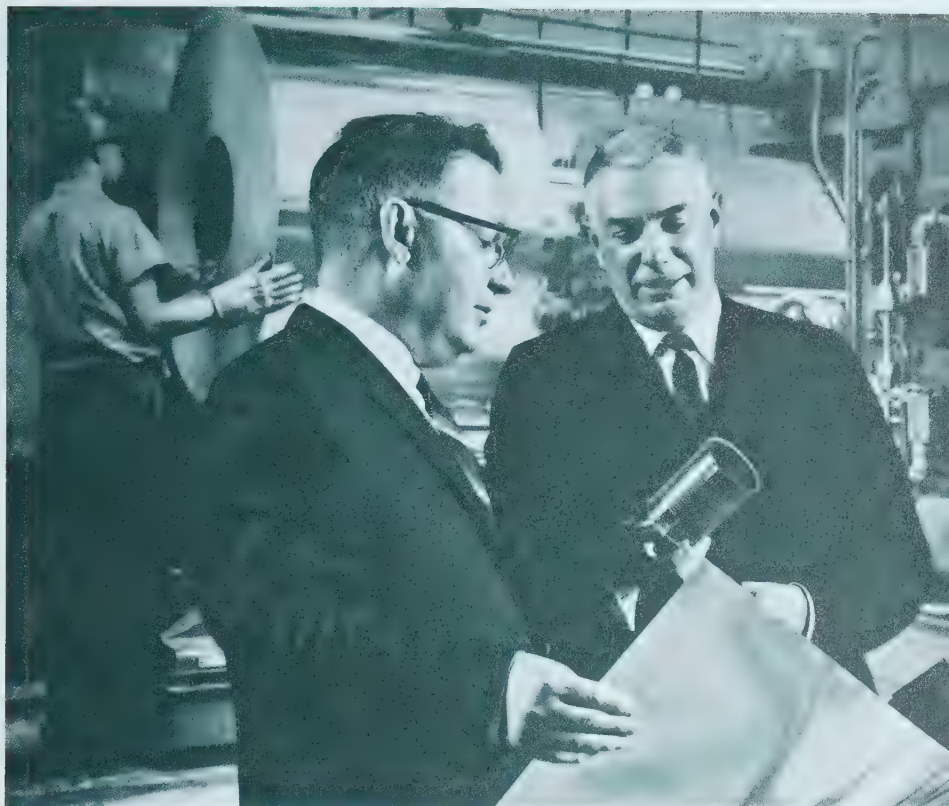


A. J. HAYDEN, Vice President—U.S.A. Production

**S**cientific production control is one of Green Giant's basic philosophies. In contributing its share to the Company's overall profit, the U.S.A. production group, under the guidance of Austin J. Hayden, Vice President, has pioneered ways and means for controlling product quality from field to food shelf. The wide geographic spread of the Company's farming operations, involving approximately 215,000 acres and 4,000 contract growers, is its best insurance against crop failures (it would be a rare year in which weather, pests and adverse soil conditions ganged up to produce uniform crop failures from Delaware to the West Coast). Carefully scheduled plantings in each processing area insure that crops reach maturity in orderly sequence, thereby achieving a uniform supply for harvesting and processing. Green Giant's mechanization goal toward continuous operation increases quality, reduces costs and provides the product uniformity necessary where many plants are producing for widespread distribution.



*... in packaging*



W. A. WILLIAMS, Director—Can Manufacturing

J. W. ALGEO, Vice President—Container Operations

**G**reen Giant's Container Operations were established in 1958 to achieve two goals: provide Green Giant canning operations with a large volume of cans made to strict quality standards; produce cans at costs sufficiently below market prices to develop profit margins which equal or exceed Company profit goals for other operating units. The successful management of the original plant, under James W. Algeo, Vice President, made it possible in subsequent years to increase can making through the addition of lines at Ripon, Wisconsin and Buhl, Idaho. The two satellite operations use tinsplate sheared and enameled at the Savage, Minnesota plant. These three locations produce approximately 85 per cent of the Company's U.S. can needs. By taking advantage of every technical break-through Container Operations have continued to play a most significant role in the Green Giant profit picture.



## *... in products*



E. L. HABLE, Director—Mushroom Operations

A. W. DUTCHER, Mushroom Production Manager

**W**hen Green Giant entered the mushroom arena in 1960, it immediately put to work its general basic policy of controlling production scientifically. Industry-favored methods gave way to newer and better ways of producing spawn culture, standardized growing procedures and better in-plant control. As a result, over two-thirds of Green Giant's annual yield is in the "fancy" grade whereas normal industry practices result in less than one-third "fancy" return. Since entering mushroom production, the Company has had a continuing improvement program for its agricultural and plant facilities at Niles, Michigan and Lacey, Washington. In 1963, the Company elected—because of cost advantages—to enter a controlled mushroom packing arrangement in the Orient in preference to expanding its U. S. facilities. When consumer demand in test markets on frozen mushrooms led to a doubling of output within a few months, glass and frozen co-packing arrangements were increased. Ed Hable, Director—Mushroom Operations, also has the staff function of Director—Profit Planning, Mushrooms.



*... in service*



V. A. LOVESTRAND, Director—Transportation & Distribution

**C**ompany policy dictates that we give the greatest possible service to the trade. It is mandatory, however, that this be done economically and efficiently. Because the needs of the trade demanded faster and more frequent shipments, the Company recently altered its long-standing policy of liquidating each year's pack as rapidly as possible to one whereby a carefully controlled inventory in "ready-to-ship" condition is maintained throughout the year. To provide the ultimate in the Company's objectives to service the trade, the Distribution Department, under Duane Lovestrand, Director, works closely with the Marketing Division. Through their cooperative efforts, efficient installation and utilization of the bright stacking warehousing technique has resulted in outstanding company-innovated merchandising techniques such as the development of a see-through case made by wrapping shrink film over product packed in trays. Earlier, unitized loading had been started—a principle whereby many cases are stacked together as a single unit on a pallet for shipment—and is resulting in savings for both the customer and the Company. Additional customer services are being initiated.



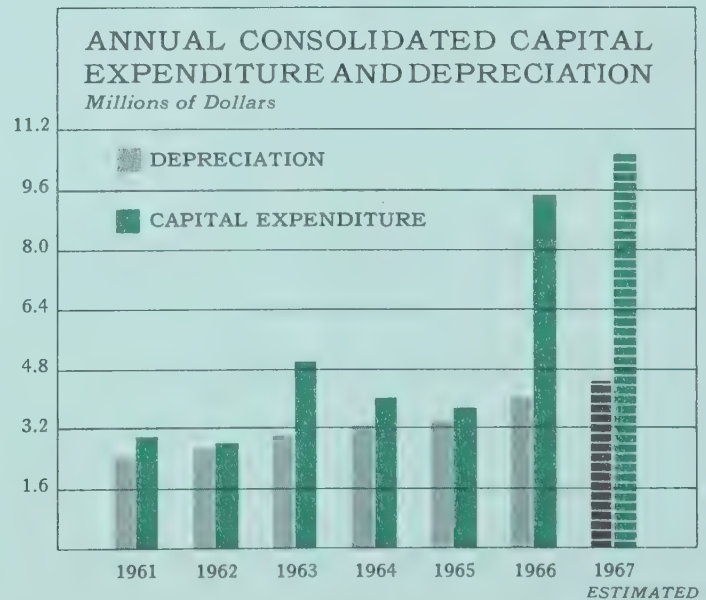
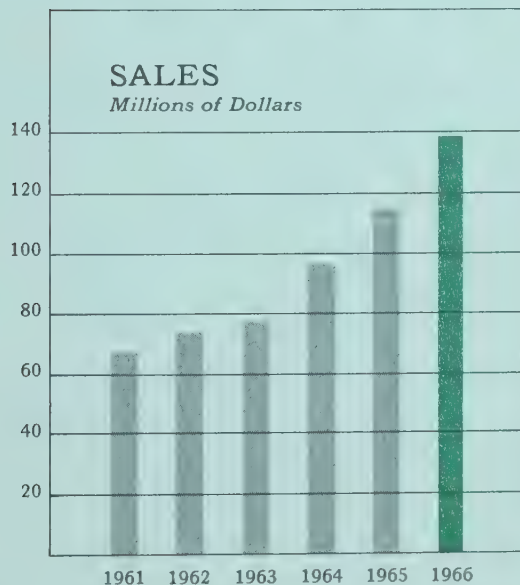
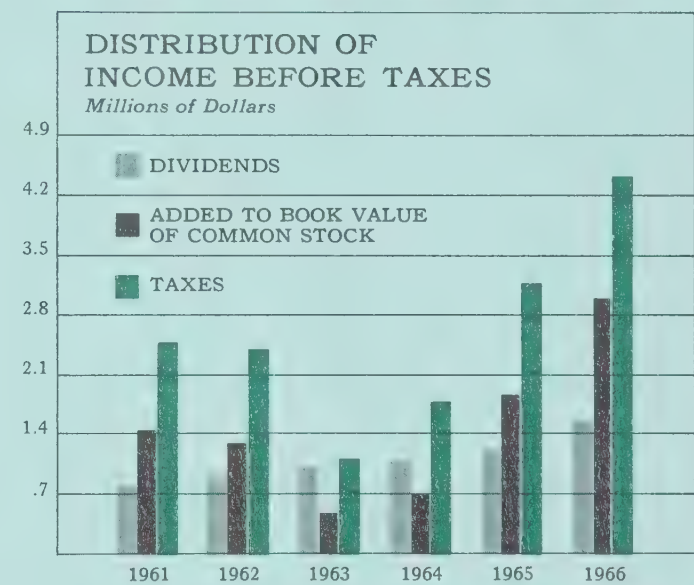
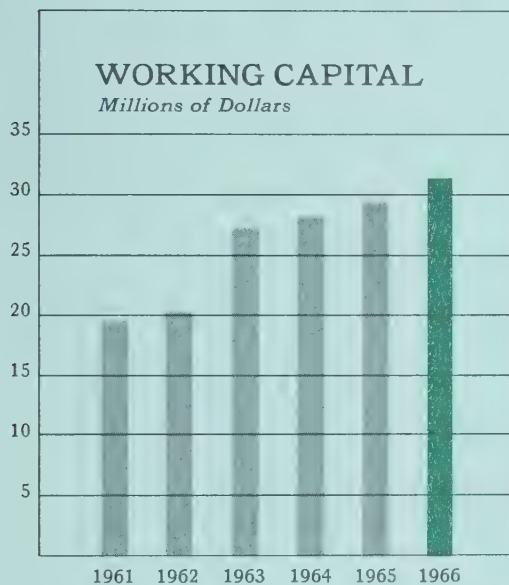
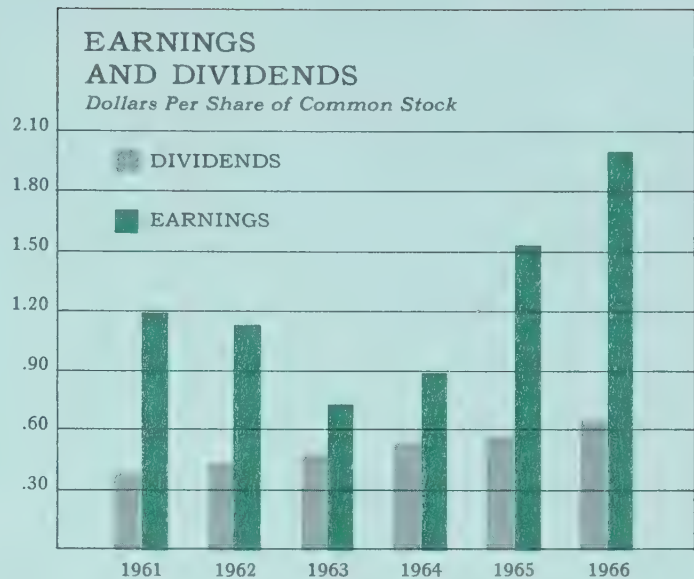
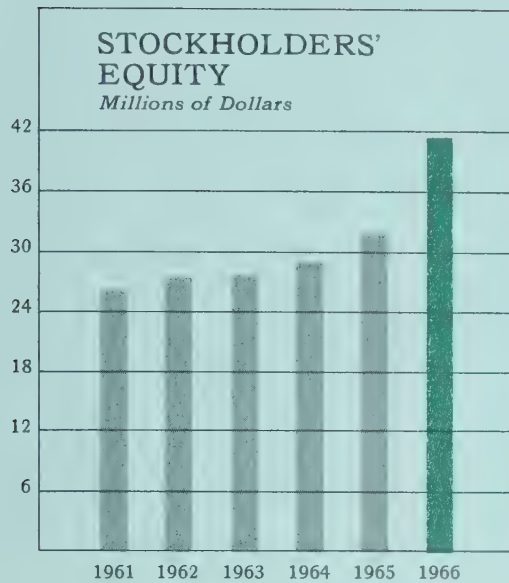
*...in people*



A. W. ANDERSON, President & General Manager—Canadian Operations

**G**rowth of our Canadian subsidiary, Green Giant of Canada Limited, has been constant since 1960. Canning operations have been up-dated and expanded. The subsidiary's profits are being improved through the addition of a can manufacturing facility; this facility will be producing the majority of the subsidiary's can needs for the production year 1966. Facilities for the production of frozen vegetables in butter and creamy sauces in the popular flavor-tight cooking pouch have been added this year. A. W. Anderson, President and General Manager of the subsidiary, and his people are currently integrating the operations of the recently acquired Clark Foods Limited into the subsidiary's production and marketing scheme. The total Canadian complement consists of four plants with headquarters at Tecumseh, Ontario and sales offices in Toronto and Montreal. The current upswing in Canada's national economy indicates new opportunities for growth for this subsidiary in the market place. Green Giant of Canada's products enjoy a share of the Canadian market in every case at least as great as its U. S. counterpart.







**STATEMENT OF  
FINANCIAL POSITION**

March 31, 1966  
with comparative figures for 1965

	1966	1965
Current assets:		
Cash .....	\$ 1,791,370	\$ 3,528,267
Receivables from customers and others, less allowance for doubtful accounts (note 2).....	11,600,097	9,412,496
Inventories, at the lower of cost (first-in, first-out) or market (note 2):		
Processed foods.....	28,850,923	19,783,584
Containers, seed and supplies.....	18,229,188	13,338,536
Prepaid expenses.....	1,396,646	1,198,792
Total current assets.....	61,868,224	47,261,675
Current liabilities:		
Notes payable (note 2).....	11,433,247	8,752,575
Current maturities of long-term debt.....	1,576,089	178,487
Accounts payable.....	8,534,902	4,603,185
Accrued expenses .....	4,600,848	3,036,318
Income taxes.....	4,267,773	1,153,967
Total current liabilities.....	30,412,859	17,724,532
Working capital.....	31,455,365	29,537,143
Investments in and advances to unconsolidated subsidiaries (note 1).....	1,389,438	1,767,662
Non-current receivables.....	246,138	—
Cash surrender value of life insurance.....	131,448	49,704
Plant and farm properties, at cost less accumulated depreciation (notes 2, 3 and 7).....	27,518,911	18,834,766
Unamortized excess of cost over equity in subsidiaries acquired (note 1).....	4,162,228	—
Deferred charge—asparagus beds, at cost less amortization.....	716,991	718,653
	65,620,519	50,907,928
Long-term debt, less current maturities (note 7).....	23,457,974	18,942,589
	42,162,545	31,965,339
Minority interest in subsidiaries.....	412,723	5,721
Excess of assets over liabilities.....	\$ 41,749,822	\$ 31,959,618
Stockholders' equity (notes 4, 5 and 7):		
Preferred stock .....	\$ 2,433,300	\$ 2,433,300
Common and convertible common stock .....	10,458,179	3,754,753
Retained earnings .....	28,858,343	25,771,565
Commitments and contingent liabilities (note 6)		
	\$ 41,749,822	\$ 31,959,618

See accompanying notes to financial statements.



# STATEMENT OF EARNINGS AND RETAINED EARNINGS

Year ended March 31, 1966  
with comparative figures for 1965

	1966	1965
Sales, net after returns and allowances .....	\$139,500,274	\$115,713,309
Other income, including gain on disposal of plant and farm properties of \$34,479 (loss of \$116,103 in 1965), net .....	482,186	192,392
Total .....	139,982,460	115,905,701
Costs and expenses:		
Cost of goods sold .....	91,417,599	76,843,619
Marketing, distribution and general expense .....	37,180,995	30,558,609
Interest expense .....	1,808,405	1,815,929
Amortization of excess of cost over equity in subsidiaries acquired (note 1) .....	70,546	—
Net loss of unconsolidated subsidiaries .....	433,062	372,771
Income taxes, less investment credit of \$266,060 (\$217,537 in 1965) .....	4,422,673	3,201,688
Total .....	135,333,280	112,792,616
Net earnings .....	4,649,180	3,113,085
Retained earnings at beginning of year .....	25,771,565	23,893,086
	30,420,745	27,006,171
Dividends declared:		
Preferred stock—\$5.00 per share .....	121,665	121,665
Common and convertible common stock—\$.65 per share (\$.57½ per share in 1965) .....	1,440,737	1,112,941
	1,562,402	1,234,606
Retained earnings at end of year .....	\$ 28,858,343	\$ 25,771,565
Depreciation of plant and farm properties and amortization of asparagus beds for year .....	\$ 4,079,354	\$ 3,409,319

See accompanying notes to financial statements.



# Green Giant Company AND CONSOLIDATED SUBSIDIARIES

## SOURCE AND APPLICATION OF FUNDS

Year ended March 31, 1966

### Funds provided:

Net earnings for the year .....	\$ 4,649,180
Add charges against earnings not requiring funds:	
Depreciation of plant and farm properties and amortization of asparagus beds.....	4,079,354
Net loss of unconsolidated subsidiaries.....	433,062
Amortization of excess of cost over equity in subsidiaries acquired.....	70,546
Sundry.....	(302)
Funds derived from operations.....	9,231,840
Proceeds from sale of 300,000 shares of common stock upon public offering, net.....	6,473,593
Proceeds from sale of 16,600 shares of common stock upon exercise of options.....	229,833
Proceeds on disposal of plant and farm properties less gain on disposal.....	79,503
Proceeds from cash surrender value of life insurance, net of additions.....	7,102
Increase in long-term debt (including \$3,719,849 incurred in connection with acquisition of Clark Foods Limited).....	4,515,385
Total funds provided.....	20,537,256

### Funds used:

Dividends.....	1,562,402
Additions to plant and farm properties.....	9,490,737
Additions to asparagus beds.....	85,266
Advances to unconsolidated subsidiaries.....	54,838
Cost of investment in capital	
stock of subsidiaries acquired.....	\$9,704,969
Less working capital of subsidiaries at date acquired.....	2,511,516
.....	7,193,453
Increase in non-current receivables.....	232,338
Total funds used.....	18,619,034
Increase in working capital.....	\$ 1,918,222

## NOTES TO FINANCIAL STATEMENTS

March 31, 1966

### (1) Principles of Consolidation

The accompanying financial statements include the accounts of Green Giant Company and all subsidiaries (100% owned as to common stock other than for a minor 1.49% interest in the Canadian subsidiary) except Green Giant Land and Development Company and Green Giant Italiana S.p.A., which in the aggregate are not significant. The accounts of Clark Foods Limited have been included from date of acquisition in December 1965 to date of amalgamation with the Canadian subsidiary in March 1966, and Dulany Foods Inc. from date of acquisition in December 1965 to February 28, 1966, the end of its fiscal year. All material intercompany accounts and transactions have been eliminated in consolidation. The accounts of foreign subsidiaries have been converted at appropriate historical or current rates of exchange.

Green Giant Land and Development Company owns certain waste disposal land and certain items of plant and equipment acquired prior to April 1965 which are leased to the Company. Green Giant Italiana S.p.A. operates a processing plant in Pozzaglio, Italy. The investments in and advances to such subsidiaries are carried at equity in net assets, after adjustment to eliminate deferred formation expenses of the foreign subsidiary, and the results of their operations are included in the statement of earnings.

The excess of cost over equity in net assets as shown by the books of subsidiaries at dates of acquisition in December 1965 is being amortized over a period of twenty years.

### (2) Short-term Borrowings of Canadian Subsidiary

In accordance with the usual practice under provisions of the Canadian Banking Act, approximately \$2,264,910 of receivables, \$5,680,735 of inventory and \$1,560,000 of plant and farm properties of a Canadian subsidiary were pledged to secure short-term indebtedness to banks of \$4,568,247 at March 31, 1966.

### (3) Plant and Farm Properties

	1966	1965
Land and land improvements .....	\$ 1,316,778	\$ 1,069,703
Buildings .....	15,874,909	12,422,942
Machinery, equipment and fixtures .....	33,379,454	23,908,923
Construction in progress .....	4,020,315	957,544
.....	54,591,456	38,359,112
Less accumulated depreciation.....	27,072,545	19,524,346
.....	\$27,518,911	\$18,834,766



#### (4) Capital Stock

At March 31, 1966, the authorized capital stock of the Company consisted of: 50,000 shares of 5% cumulative preferred stock of \$100 par value per share (callable at \$110 per share) of which there were 24,333 shares issued and outstanding at beginning and end of the year; 4,000,000 shares of common stock

without par or stated value; and 1,500 shares of convertible common stock without par or stated value. Changes in common capital stock issued and outstanding (excluding 22,000 shares of common stock privately sold and subsequently repurchased, at the same price, as treasury stock) during the year were as follows:

	Common		Convertible common	
	Shares	Amount	Shares	Amount
Outstanding at beginning of year.....	1,963,144	\$ 3,752,113	1,056	\$2,640
Sold upon public offering, less related expenses..	300,000	6,473,593	—	—
Sold upon exercise of options.....	16,600	229,833	—	—
Issued (cancelled) on conversion.....	17,600	440	(176)	(440)
Outstanding at end of year.....	2,297,344	\$10,455,979	880	\$2,200

On May 17, 1966, the Company's common and convertible common shareholders are to act on a proposed amendment of the Articles of Incorporation to accelerate the conversion of all 880 outstanding shares of convertible

common stock (otherwise convertible 176 shares annually to 1970) into 88,000 shares of common stock, to be completed on May 31, 1966, and to eliminate convertible common stock as an authorized class.

#### (5) Stock Options

Under terms of an employee stock option plan, options to purchase 61,632 shares of common stock of the Company have been granted and are outstanding to officers and key employees at March 31, 1966 and an additional 32,240 shares are reserved for granting of future options. Options granted prior to December 31, 1963 are at prices not less than 95% of fair market value at dates of grant, exercisable over a maximum of six

years; options granted after such date are at 100% of fair market value at dates of grant, exercisable over a maximum of five years. Options outstanding at March 31, 1966 have been granted at prices ranging from \$7.36 to \$25.50 per share (\$25.50 in current year) and at dates of grant had an aggregate fair market value of \$1,364,811 or an average of \$22.14 per share. Changes in outstanding options during the year are summarized as follows:

	Outstanding		Currently exercisable	
	Shares	Option price	Shares	Option price
Balance at beginning of year.....	54,472	\$ 932,599	39,051	\$648,994
Options granted or becoming exercisable.....	24,000	612,000	8,221	144,673
Options exercised.....	(16,600)	(229,833)	(16,600)	(229,833)
Options cancelled.....	(240)	(4,620)	(120)	(2,310)
Balance at end of year.....	61,632	\$1,310,146	30,552	\$561,524

#### (6) Commitments and Contingent Liabilities

Commitments for purchase or construction of plant, property and equipment aggregated approximately \$5,788,000 at March 31, 1966.

Long-term leases provide for annual fixed rentals and in some cases for the payment of property taxes, maintenance and insurance on the property and certain farm leases provide for additional payments based on crop

yields. Minimum annual rentals aggregating approximately \$1,531,000, including \$426,000 to Green Giant Land and Development Company, are presently payable under such leases expiring at various dates from April 1, 1969 to December 1, 1983.

The Company has guaranteed payment of indebtedness of the unconsolidated foreign subsidiary aggregating \$1,128,173 at March 31, 1966.

#### (7) Long-term Debt, Less Current Maturities

	1966	1965
Green Giant Company:		
4¾% Series A notes, due \$900,000 annually to December 31, 1969.....	\$ 2,700,000	\$ 3,600,000
5% Series B notes, due \$900,000 annually, December 31, 1970 to 1981 and \$3,100,000 on December 31, 1982.....	13,900,000	13,900,000
6% note, due December 16, 1969.....	3,719,849	—
4¾% to 5¼% notes, due in varying annual instalments to 1973.....	1,131,079	—
5% note, due \$25,085 semi-annually, including interest, to March 30, 1981...	500,781	—
5% to 5¼% mortgage notes (secured by approximately \$500,000 of plant and equipment), due in varying monthly instalments to 1980.....	330,873	363,225
Equipment contracts, due in varying monthly instalments to 1974.....	101,517	85,614
Green Giant of Canada Limited:		
5¼% serial debentures, due \$100,000 annually to May 1, 1968...	200,000	300,000
6% serial debentures, due \$69,375 annually, May 1, 1969 to 1978.....	693,750	693,750
Equipment contract, due \$60,042 annually to January 1, 1970	180,125	—
	<u>\$23,457,974</u>	<u>\$18,942,589</u>

Aggregate annual maturities of long-term debt for each of the five fiscal years following March 31, 1966 are as follows:

1967—\$1,576,089; 1968—\$1,511,874; 1969—\$1,418,113; 1970—\$5,037,485; 1971—\$1,191,840.

In addition to requiring maintenance of working capital, a 150% current asset ratio, and other covenants, the long-term debt agreements contain provisions restricting the payment of cash dividends and the purchase or redemption by the Company of shares of its capital stock. At March 31, 1966, the amount of unrestricted retained earnings was approximately \$4,600,000 and working capital exceeded the required minimum, as defined, by approximately \$14,000,000.

Continued on Page 14



# Green Giant Company

## TEN YEAR SUMMARY

(Adjusted to conform to March 31, 1966 presentation for comparative purposes)

Notes to Financial Statements, continued:

### (8) Pension and Retirement Plans

Provisions for contributions under the Company's noncontributory retirement plan were charged to earnings in the amounts of \$1,169,662 and \$786,809, respectively, for fiscal years 1966 and 1965. There are no past service costs under the plan. The unfunded past service costs of a noncontributory pension plan for salaried employees of a subsidiary acquired in December of 1965 are estimated to be approximately \$155,000.

### ACCOUNTANTS' OPINION

The Board of Directors and Stockholders  
Green Giant Company:

We have examined the statement of financial position of Green Giant Company and consolidated subsidiaries as of March 31, 1966, and the related statement of earnings and retained earnings and the statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial position and statement of earnings and retained earnings present fairly the financial position of Green Giant Company and consolidated subsidiaries at March 31, 1966, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying statement of source and application of funds for the year ended March 31, 1966, presents fairly the information shown therein.

*Peat, Marwick, Mitchell & Co.*

Minneapolis, Minnesota  
May 16, 1966

Year Ended March 31	1966	1965
Sales.....	\$139,500,274	\$115,713,300
Net Earnings.....	\$ 4,649,180	\$ 3,113,080
Per Cent of Sales.....	3.3	2.8
Per Share of Common Stock		
Net Earnings (A).....	\$ 2.04	\$ 1.50
Net Earnings (B).....	\$ 1.96	\$ 1.40
Dividends Paid (A).....	\$ .65(C)	\$ .50
Book Value—		
Close of Year (A).....	\$ 17.11	\$ 15.00
Close of Year (B).....	\$ 16.48	\$ 14.20

### As of March 31

Current Assets.....	\$ 61,868,224	\$ 47,261,670
Current Liabilities.....	30,412,859	17,724,530
Working Capital.....	\$ 31,455,365	\$ 29,537,140
Plant and Farm Properties.....	27,518,911	18,834,760
Other Assets.....	6,233,520	2,530,290
Total.....	\$ 65,207,796	\$ 50,902,200
Less Long-Term Debt.....	23,457,974	18,942,580
Stockholders' Equity.....	\$ 41,749,822	\$ 31,959,620

(A) After adjustments for 2-for-1 stock split July, 1960 and April, 1965.

(B) After giving effect to ultimate conversion of convertible common stock.

(C) First and second quarters at 15¢, third and fourth quarters at 17½¢.



1964	1963	1962	1961	1960	1959	1958	1957
97,631,559	\$ 78,194,663	\$ 75,038,512	\$ 67,594,964	\$ 64,115,715	\$ 57,143,257	\$ 56,283,894	\$ 55,464,782
1,812,173	\$ 1,475,985	\$ 2,193,221	\$ 2,202,407	\$ 1,816,050	\$ 1,918,768	\$ 840,963	\$ 1,267,044
1.9	1.9	2.9	3.3	2.8	3.4	1.5	2.3
.90	\$ .74	\$ 1.14	\$ 1.20	\$ .99	\$ 1.05	\$ .42	\$ .67
.84	\$ .69	\$ 1.05	\$ 1.09	\$ —	\$ —	\$ —	\$ —
.52½	\$ .47½	\$ .42½	\$ .37½	\$ .32½	\$ .27½	\$ .25	\$ .25
14.20	\$ 13.93	\$ 13.81	\$ 13.24	\$ 12.42	\$ 11.74	\$ 10.98	\$ 10.80
13.35	\$ 12.95	\$ 12.71	\$ 12.07	\$ —	\$ —	\$ —	\$ —
48,308,391	\$ 40,408,136	\$ 31,049,378	\$ 26,485,927	\$ 23,312,363	\$ 22,000,462	\$ 20,360,909	\$ 16,378,237
20,032,078	12,914,879	10,755,662	6,833,426	7,803,379	7,177,308	6,840,487	2,730,822
28,276,313	\$ 27,493,257	\$ 20,293,716	\$ 19,652,501	\$ 15,508,984	\$ 14,823,154	\$ 13,520,422	\$ 13,647,415
18,657,431	17,118,845	15,196,650	14,864,589	12,255,499	12,497,665	12,982,765	10,623,299
1,748,264	1,399,762	991,602	1,212,290	1,673,061	1,534,085	1,559,410	2,508,447
48,682,008	\$ 46,011,864	\$ 36,481,968	\$ 35,729,380	\$ 29,437,544	\$ 28,854,904	\$ 28,062,597	\$ 26,779,161
19,089,521	18,000,000	8,975,000	9,550,000	5,975,000	6,500,000	7,025,000	6,050,000
29,592,487	\$ 28,011,864	\$ 27,506,968	\$ 26,179,380	\$ 23,462,544	\$ 22,354,904	\$ 21,037,597	\$ 20,729,161



## GROWING AND PROCESSING AREAS

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ASPARAGUS.....	California, Delaware, Maryland, New Jersey, Oregon, Washington
BROCCOLI.....	California, Virginia; Ontario
BRUSSELS SPROUTS.....	California; Ontario
CABBAGE.....	California
CARROTS.....	California, Delaware
CAULIFLOWER.....	California; Ontario
CORN.....	Idaho, Illinois, Iowa, Minnesota, Virginia, Wisconsin; Ontario, Quebec; Mexico
ITALIAN BEANS.....	California, Oregon
LIMA BEANS.....	California, Delaware, Illinois, Washington; Ontario
MUSHROOMS..	Michigan, Pennsylvania, Washington; Formosa; Mexico
ONIONS.....	California, Colorado
PEAS.....	Idaho, Illinois, Iowa, Minnesota, Oregon, Washington, Wisconsin; Ontario, Quebec; Italy; Mexico
PEPPERS.....	Delaware, New Jersey, North Carolina; Ontario; Mexico
SWEET POTATOES.....	Delaware, Maryland, Virginia
SNAP BEANS (Green and Wax)....	Arkansas, California, Delaware, Illinois, Indiana, New Jersey, New York, Oklahoma, Virginia, Wisconsin; Ontario, Quebec; Italy; Mexico
SPINACH....	California, Delaware, Maryland, Virginia
TOMATOES.....	Ontario

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## PLANT LOCATIONS

### GREEN GIANT COMPANY

CALIFORNIA.....	Watsonville, Yuba City
DELAWARE.....	Bridgeville, Woodside
IDAHO.....	Buhl
ILLINOIS.....	Belvidere
MARYLAND.....	Fruitland
MICHIGAN.....	Niles
MINNESOTA..	Blue Earth, Cokato, Glencoe, LeSueur, Montgomery, Savage, Winsted
NEW JERSEY.....	Vineland
VIRGINIA.....	Exmore
WASHINGTON.....	Dayton, Lacey, Waitsburg
WISCONSIN..	Beaver Dam, Fox Lake, Ripon, Rosendale

### GREEN GIANT OF CANADA LIMITED

ONTARIO.....	Harrow, Tecumseh
QUEBEC.....	Ste. Martine, Ste. Remi

### GREEN GIANT ITALIANA S.p.A.

ITALY.....	Pozzaglio
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### Transfer Agents

First National Bank of Minneapolis  
120 South Sixth Street  
Minneapolis, Minnesota 55402

The Chase Manhattan Bank, N. A.  
1 Chase Manhattan Plaza  
New York, New York 10015

### Registrars

First Trust Company of Saint Paul  
332 Minnesota Street  
St. Paul, Minnesota 55101

First National City Bank  
55 Wall Street  
New York, New York 10015

### The Annual Meeting

of the Stockholders will be held on Tuesday, July 26, 1966 in the Auditorium on the fifth floor of the First National Bank Building, Minneapolis, Minnesota. Meeting time will be 10:00 a.m. Central Daylight Saving Time.

*This report is issued solely for the purpose of providing information. It is not intended for use in connection with any sale or purchase of, or any offer or solicitation of offers to buy or sell, any securities.*







